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Greece

Canned Deciduous Fruit

Annual

2008

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Report Highlights:

As of July 2008, 250,000 MT of cling peaches had been processed, which should yield approximately 275,000 MT of canned peaches or roughly 12.5 million cases (24x1 kilogram). For the same period last year, 286,000 MT of cling peaches had been processed, which yielded approximately 315,000 MT of canned peaches or roughly 14 million cases (24X1Kg). Additionally, for 2008, 30,000 MT of peaches will be frozen and 120,000 MT are destined for juice production. This year has seen a sharp increase in peach juice and peach puree production due to increased demand mainly from Russia, but also from Europe and Brazil.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Production

Canned Peaches

According to the Fruit Processors Association of Northern Greece (EKE), 2008 cling peach production reached 420,000 metric tons (MT), well below 2007 production of 500,000 MT. Freestone and nectarine production added another 300,000 MT to the 2008 crop.

Total Supply of Clingstone and Freestone Peaches & Nectarines in 2007 & 2008

Clingstone peaches Utilized for:	2007 (MT)	2008 (MT)
Canned fruit (all types except juice)	286,000	250,000
Juice (30 - 32 Brix)	150,000	120,000
Deep freeze	30,000	30,000
Fresh Consumption and Fresh exports to be processed In neighboring countries (i.e. Bulgaria)	25,000	15,000
Withdrawals and/or wasted amounts	6,000 - 8,000	5,000
TOTAL of Clingstones:	499,000	420,000
Freestone Peaches:		
Fresh Consumption & Exports	247,200	220,000
Nectarines:		
Fresh Consumption & Exports	98,200	80,000

As of July 2008, 250,000 MT of cling peaches had been processed, which should yield approximately 275,000 MT of canned peaches or roughly 12.5 million cases (24x1 kilogram). This crop is considered normal by all sources. In July 2007, 286,000 MT of cling peaches had been processed, which yielded approximately 315,000 MT of canned peaches or roughly 14 million cases (24X1Kg). Additionally, for 2008, 30,000 MT of peaches will be frozen and 120,000 MT are destined for juice production. In past years, only 50-60,000 MT were further processed for juice. However, the past year has seen a sharp increase in peach juice and peach puree production due to increased demand mainly from Russia, but also from Europe and Brazil.

In late October 2008, Greek peach processors reported 302,000 MT of stocks, compared to 240,000 MT for October 2007. This is a problematic development for the industry. Trade sources expect the trend to increased stocks to continue and that 2009 ending stocks will be at record level due to the economic crisis.

Canned Apricots

2008 canned apricot production is estimated to be about 1 million cases or about the same as in 2007. In recent years, both fresh and processed apricot production has declined in spite of good market prices. Greek consumers generally prefer fresh apricots. In addition, small quantities are exported and the remaining production is processed. Over the last several years, the Greek processing industry has experienced declining availability of apricots for processing due to lower production as well as increased demand for fresh consumption. Currently, in a good year, the processing industry can expect a short supply of 11,000–12,000 MT, compared with over 20,000 MT in the past. More details on the apricot sector are provided in GR7017.

Canned Mixtures

This same decline is occurring in the canned mixture sector. In 2008 fruit cocktail production is estimated at 25,000 MT or about 1 million cases (24x1kg), which is well below 2007 production of about 1.5 million cases. Processors consider mixed production to be less important than canned peach production. There are 5 plants in Greece that produce fruit cocktail, with a total capacity estimated at 300,000–400,000 cases (24x1kg). Inconsistent availability of Greek fruit and the high cost of imported fruit negatively affect ex-factory prices and competition. The Greek processing season starts in September and generally extends through October, although it can sometimes run longer. Greek fruit cocktails are made from a mixture of peaches, pears, grapes, and red cherries. Occasionally, pineapple is added. Greece imports 5,000–10,000 MT of pears for fruit cocktail production, mostly from Spain, France and Italy. Less than 4,000 MT of domestic pears are used. Greece produces the Williams pear variety, which is grown under an EU quota. No quota system applies from 2008 and onwards. The grapes, cherries and pineapple used in the fruit cocktail production are entirely imported.

Trade and Policy

This year, Greek farmers and processors agreed to a fixed price of €0.27/kilogram for fresh cling peaches delivered to canners. This price is close to that paid in 2006 and 2007 when the EU subsidy was paid. Starting in 2008, under the new CAP reform for the horticultural sector, there is no EU subsidy paid to farmers.

The attached trade matrices provide CY 2007 final trade statistics from the National Statistical Service (NSS). Official statistics for 2008 are not yet available. Total CY 2007 exports to the United States were 7,859 MT (with more than 9,000 MT in 2006 and 6,500 MT in 2005), valued at \$7.16 million. Greek peach exports totaled 297,521 MT (in processed final product basis) in CY 2007, valued at almost \$316.5 million compared to \$240 million in CY 2006 when total exports were at 278,522 MT.

Greek exporters report that Greek canned peaches face stiff competition from the Chinese product in the third markets and particularly in the United States, where the market is approximately 2.5 million boxes. Greek exports also are reported to be declining within the EU and to Russia. Without the 18-19% tariff imposed by the EU on Chinese imports and the Russian legislation for the MRL controls, the situation for Greek exports could be much worse. Chilean canned peaches enter the EU markets with practically no tariffs. The current South Africa – EU negotiations likely will also result in a zero tariff for South African peaches imported into the EU, which represent about 80% of the total imports into the EU. The processors association has presented these problems to both the GOG and the Commission and asked that tariff be maintained for South African peaches and more protection measures be implemented for peaches produced in the EU.

According to industry sources, apart of the Chinese competition and lack of EU support, the Greek canned peach sector has to face relatively high tariffs in third country markets, increased competition due to a number of Free Trade Agreements signed by competitor countries (i.e., Chile), increased production in China, Argentina and Chile, the weak dollar, the chronic strikes in Greek ports, delays in certification procedures, and the relatively high farmer prices paid which are not connected to the cost of processing. If this situation continues through 2009, processors predict that it may be impossible to buy all the available fruit and process.

Key policy issues pertaining the canned fruit sector, and peaches in particular are summarized below:

1. GOG together with Farming Organizations (Confederations of Coops, Clingstone farm groups) have decided to go for a Full Decoupling system.
2. Reference period will be 2004 – 2006 for Greek clingstone farmers qualified for the single payment (SP).
3. The amount of EU 11.8 million Euro will be paid annually and until 2013.
4. SP scheme is implemented in Greece starting with the 2008 clingstone harvest.
5. Same policy (Full Decoupling scheme) also pertain pear variety production destined to processing.
6. Farmers this year have received €0.25 – 0.27/kg of clingstone peach according to quality with €0.27 being the dominant farm price. Farmers requested €0.30/kg as “a base of discussion” when negotiations started with Processors in late April 2008.
7. Processors believe that the implications from the Full Decoupling policies implemented will create additional pressure to processors by the producers for higher grower prices to be paid in the future. Processors talk for less product to be processed and plans not to absorb all harvests available, starting in 2009.
8. Processors believed that the amount of €11.8 million/year should be distributed between the farmers who want to stay in business, instead of paying farmers who may want to abandon the business and grow something else or shift to freestone table peach varieties (which receive attractive prices). The amount of €11.8 million will actually go to those farmers who were receiving a EU price subsidy in the period 2004 - 2006
9. Processors also opine that the way full decoupling will be implemented, is a measure that will operate as a counterincentive for cling peach production

PS&D Table, Canned Peaches

PSD Table

Country

Commodity

	(MT)(MT, Net Weight)								
	2006	Estimate		2007	Forecast		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		06/2006	06/2006		06/2007	06/2007	06/2008	06/2008	MM/YYYY
Deliv. To Processors	255000	275000	275000	0	0	286000	0	250000	(MT)
Beginning Stocks	111500	104100	58500	88300	103400	43500	64000	64000	(MT, Net W
Production	302500	325000	303000	0	0	315000	0	275000	(MT, Net W
Imports	800	800	3000	0	0	2500	0	3500	(MT, Net W
Total Supply	414800	429900	364500	88300	103400	361000	64000	342500	(MT, Net W
Exports	310000	310000	305000	0	0	285000	0	240000	(MT, Net W
Domestic Consumption	16500	16500	16000	0	0	12000	0	10500	(MT, Net W
Ending Stocks	88300	103400	43500	0	0	64000	0	92000	(MT, Net W
Total Distribution	414800	429900	364500	0	0	361000	0	342500	(MT, Net W
TS=TD									
-103400									

Export Trade Matrix, Canned Peaches

Export Trade Matrix			
Country Greece			
Commodity Peaches, Canned			
Time Period		Units:	MT
Exports for:	2006		2007
U.S.	9057	U.S.	7859
Germany	75760	Germany	74781
U.K.	22626	U.K.	22672
Poland	17153	Poland	20486
France	10916	France	13276
Italy	16099	Italy	20800
Other EU	53470	Austria	9130
EU Total	196024	Other EU	45538
Thailand	12124	EU Total	206683
Russian Fed.	23710	Russian Fed.	17550
Canada	7533	Thailand	18680
Total for Others	239391	Total for Others	242913
Others not Listed	30074	Others not Listed	46749
Grand Total	278522	Grand Total	297521

Import Trade Matrix, Canned Peaches

Import Trade Matrix			
Country Greece			
Commodity Peaches, Canned			
Time Period		Units:	MT
Exports for:	2006		2007
U.S.		U.S.	
Germany	2895	Germany	1225
Italy	105	Italy	456
Austria	86	Austria	132
U.K.	74	U.K.	53
Hungary	98	Cyprus	99
Spain	35	France	24
Other EU	248	Other EU	20
EU Total	3541	EU Total	2009
Thailand	6	South Africa	1218
Total for others	3547	Total for Others	3227
Others not Listed		Others not Listed	173
Grand Total	3547	Grand Total	3400

Export Trade Matrix, Canned Apricots

Export Trade Matrix			
Country Greece			
Commodity Canned Apricots			
Time Period		Units:	MT
Exports for:	2006		2007
U.S.	2	U.S.	
Germany	9632	Germany	7533
France	7309	France	6486
U.K.	783	U.K.	834
Italy	1368	Italy	4114
Czech Repub.	717	Czech Repub.	705
Hungary	448	Netherlands	486
Other EU	2028	Other EU	1449
EU Total	22285	EU Total	21607
Russian Fed.	460	Russian Fed.	508
Libyan Arab	93	Total for Others	22115
Total for Others	22838	Others not Listed	1538
Others not Listed	656	Grand Total	23653
Grand Total	23496		

Import Trade Matrix, Canned Apricots

Import Trade Matrix			
Country Greece			
Commodity Canned Apricots			
Time Period		Units:	MT
Exports for:	2006		2007
U.S.		U.S.	
Germany	339	Germany	9
France	28	France	8
Denmark	37	Belg. & Lux.	10
U.K.	64	Italy	679
Italy	322	Austria	19
Austria	22	EU Total	725
Sweden	18	China	1433
EU Total	830	South Africa	92
China	108	Total for Others	2250
South Africa	62	Others not Listed	
Total for Others	1000	Grand Total	2250
Others not Listed			
Grand Total	1000		

Export Trade Matrix, Canned Mixtures

Export Trade Matrix			
Country Greece			
Commodity Canned Mixtures			
Time Period		Units:	MT
Exports for:	2006		2007
U.S.	530	U.S.	743
U.K.	6843	U.K.	5852
Germany	3671	Germany	6323
Belg. & Lux.	2814	Belg. & Lux.	2633
Sweden	1365	Sweden	937
Finland	1274	Finland	1138
Other EU	1970	Other EU	2329
EU Total	17937	EU Total	19212
Japan	2198	Japan	2344
Canada	1994	Canada	1350
Australia	533	Mexico	2491
Total for Others	22662	Total for Others	25397
Others not Listed	3361	Others not Listed	3510
Grand Total	26533	Grand Total	29650

Import Trade Matrix, Canned Mixtures

Import Trade Matrix			
Country Greece			
Commodity Canned Mixtures			
Time Period		Units:	MT
Exports for:	2006		2007
U.S.		U.S.	1
Germany	1091	Germany	796
U.K.	211	U.K.	294
Belg. & Lux.	61	Belg. & Lux.	217
Italy	109	Italy	32
France	40	France	207
Austria	12	Austria	12
Finland	16	Other EU	35
Other EU	42	EU Total	1593
EU Total	1582	Thailand	416
Thailand	333	Argentina	3
Total for Others	1915	Total for Others	2012
Others not Listed		Others not Listed	
Grand Total	1915	Grand Total	2013